

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5267-01  
Bill No.: SB 1028  
Subject: Counties; Property, Real and Personal; Taxation and Revenue - Property  
Type: Original  
Date: March 16, 2010

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Bill Summary: Would reduce the maximum penalty on delinquent county property taxes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Blind Pension	\$0	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of Administration, Division of Budget and Planning (BAP)**, assume the proposed legislation would not result in additional costs of savings to their organization. BAP officials stated that the proposal would lower the interest rate on delinquent property tax penalties which could affect the Blind Pension Fund and local tax revenues.

Officials from the **Department of Elementary and Secondary Education** assume this proposal would have no impact to the state foundation formula, but would appear to have a negative impact on school districts.

Officials from the **Office of the Boone County Collector** assume this proposal would reduce delinquent tax penalties by 33% to 50%, and stated that delinquent tax penalties distributed to local governments in Boone County for the year ended February 28, 2009 were \$806,663.67.

Officials from the **Office of the Cole County Collector** assume this proposal would reduce delinquent tax penalties by a minimum of \$272,000. Those officials also stated that the proposal would reduce distributions to the taxing authorities, the County Employees' Retirement Fund, the county General Revenue Fund, and the county Tax Maintenance Fund.

Officials from **Cass County** assume this proposal would have a negative impact on their county budget. County officials estimated the loss at \$586,000 per year based on last year's delinquent taxes and stated that all taxing entities receive a portion of that amount.

Officials from the **Blue Springs School District** estimated the loss to their organization at \$50,000 to \$75,000 per year.

Officials from the **Independence School District** assume this proposal would decrease the revenue available to their organization but stated they were unable to estimate the amount of revenue reduction.

ASSUMPTION (continued)

In response to a similar proposal, officials from the **Office of the St. Louis County Collector** assume there would be unknown programming costs to change the calculation of penalties on current delinquent taxes while keeping the original method of computing penalties on prior delinquent taxes. In addition, the officials estimated the new calculation would result in annual losses of \$1,732,600 based on previous year data.

**Oversight** notes that this proposal would reduce the maximum penalty on delinquent property tax payments for 2011 (FY 2012), 2012 (FY 2013) and 2013 (FY 2014) from 18% per year to a maximum of 9%. March 16, 2010 delinquent taxes from years prior to 2011 and years after 2013 would continue to accrue penalties at the 18% annual rate. Accordingly, Oversight will indicate unknown revenue reductions to the Blind Pension Fund, and revenue reduction to local governments in excess of \$100,000 per year for FY 2012 and FY 2013.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>BLIND PENSION FUND</b>			
<u>Revenue reduction</u> - delinquent property tax penalties	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>LOCAL GOVERNMENTS</b>			
<u>Revenue reduction</u> - delinquent property tax penalties	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

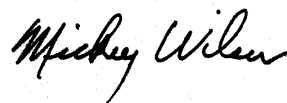
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
Division of Budget and Planning  
Department of Elementary and Secondary Education  
Cass County  
Blue Springs School District  
Independence School District  
Office of the Boone County Collector  
Office of the Cole County Collector



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